



Central National Bank Of Enid

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September 20, 2005

John F. Carter, Regional Director
FDIC - San Francisco Regional Office
25 Jessie Street at Ecker Square, Ste 2300
San Francisco CA 94105

Re: FDIC Application #20051977

Central National Bank & Trust Company is pleased to provide comments in response to the Industrial Bank Application Package of Wal-Mart Stores, Inc., wherein they are seeking a charter and deposit insurance protection for its proposed Wal-Mart Bank.

CNB is a \$370 million, full-service community bank located in a rural community in northwest Oklahoma. We are the largest locally owned financial institution in our city.

The Wal-Mart application should be denied based on numerous concerns, a few of which are enumerated below:

- Separation between banking and commerce.

We are concerned about the consequences of a "Wal-Mart Bank" and the breach in the wall of separation between banking and commerce that approval of this application would represent. Wal-Mart is the largest commercial firm in the world, and its entry into the banking industry could have a dramatic, negative impact on the banking system and those it serves.

- Potential for future expansion of services.

Wal-Mart claims it will only use its charter to process credit and debit cards and electronic check transactions from its stores. Importantly, it has not denied that it will ultimately pursue retail banking services in the future. In fact, the application indicates it will market certificates of deposit to certain organizations right away, a strong indication that more expanded offerings cannot be far behind.

- Repeated attempts to acquire a bank charter.

Its history of trying to acquire a bank charter in 1999, 2001 and 2002 is more evidence that Wal-Mart plans to enter the retail banking market, which puts it right in the center of the "mixing banking and commerce" firestorm. The company is well-known for entering a community, driving out local competition through predatory pricing (raising those same prices when competitors are forced to close) and thus becoming the new "shopping

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district" for the community. Wal-Mart has the "deep pockets" to outlast any local competitor.

- Potential monopoly.

It results in a monopoly for the company, and there's absolutely no reason to assume that its approach to retail banking will be any different. Small businesses would be forced to seek solutions on both the retail and banking side from one provider – Wal-Mart – and therein lies the inherent conflict of interest that underlies the ban on mixing banking and commerce.

How could a Wal-Mart Bank view lending to a competing retail business of any sort? Not very well. And certainly no new competing business would want to share its business plans with the giant competitor that has destroyed all of its predecessors.

- Competitive advantage.

If this application is approved, Wal-Mart will have an incredible advantage over other banks, because banks cannot engage in commercial activities to offset the competitive pressures from the Wal-Mart conglomerate. Why should the world's largest retailer be permitted to do what local banks cannot do (combine with non-financial retail businesses) to serve their communities? In their application, Wal-Mart has clearly stated, "The organizational costs and expenses for the Bank are being paid by Wal-Mart, the Bank's ultimate parent company."

- Lack of regulatory supervision.

As importantly, Wal-Mart would not be subject to the Federal Reserve's regulatory and supervisory requirements that apply to bank holding companies. This would be true because of the loophole in the Bank Holding Company Act that exempts commercial firms that own industrial banks from the Act's requirements. This lack of umbrella supervision would be bound to raise serious safety and soundness concerns.

The comment letter filed by the Sound Banking Coalition, dated August 17, 2005, and that can be found at www.fdic.gov echoes our concerns in more detail. Wal-Mart's application would impose an unacceptable risk to the banking system and its regulatory safety net. This proposed expansion is not in the ultimate best interests of the consumer and would ignore the Congressional mandate of separating banking and commerce.

Sincerely,



Mickie L. Giberson
Compliance Officer